

(h) PHASED REDUCTION.—The number of OSD personnel—

(1) as of October 1, 1997, may not exceed 85 percent of

the baseline number; and

(2) as of October 1, 1998, may not exceed 80 percent of

the baseline number.

(c) BASELINE NUMBER.—For purposes of this section, the term "baseline number" means the number of OSD personnel as of October 1, 1994.

(3) OSD PERSONNEL DEFINED.—For purposes of this section,

the term "OSD personnel" means military and civilian personnel

of the Department of Defense who are assigned to, or employed

in, functions in the Office of the Secretary of Defense

(including

Direct Support Activities of that Office and the Washington

Head-

quarters Services of the Department of Defense).

(4) LIMITATION ON REASSIGNMENT OF FUNCTIONS.—In

carrying

out reductions in the number of personnel assigned to, or

employed

in the Office of the Secretary of Defense in order to comply with

this section, the Secretary of Defense may not reassign

functions

solely in order to evade the requirements contained in this section.

(5) FLEXIBILITY.—If the Secretary of Defense

determines, and

certifies to Congress, that the limitation in subsection (b)

with

respect to any fiscal year would adversely affect United

States

national security, the Secretary may waive the limitation

under

that subsection with respect to that fiscal year. If the

Secretary

of Defense determines, and certifies to Congress, that the

limitation

in subsection (a) during fiscal year 1999 would adversely

affect

United States national security, the Secretary may waive the

limita-

tion under that subsection with respect to that fiscal year.

The

authority under this subsection may be used only once, with

respect

to a single fiscal year.

(c) REPEAL OF PRIOR REQUIREMENT.—Section

901(d) of the

National Defense Authorization Act for Fiscal Year

1996 (Public

Law 104-106; 110 Stat. 401) is repealed.

SEC. 904. REPORT ON MILITARY DEPARTMENT HEADQUARTERS STAFFS.

(a) REVIEW BY SECRETARY OF DEFENSE.—The Secretary of

Defense shall conduct a review of the size, mission, organization,

and functions of the military department headquarters staffs. This

review shall include the following:

(1) An assessment on the adequacy of the present organization structure to efficiently and effectively support the mission of the military departments.

(2) An assessment of options to reduce the number of personnel assigned to the military department headquarters staffs.

(6) An assessment of the extent of unnecessary duplication of functions between the Office of the Secretary of Defense and the military department headquarters staffs.

(7) An assessment of the possible benefits that could be derived from further functional consolidation between the civilian secretariat of the military departments and the staffs of the military service chiefs.

(8) An assessment of the possible benefits that could be derived from reducing the number of civilian officers in the military departments who are appointed by and with the advice and consent of the Senate.